

PUBLIC DISCLOSURE

APRIL 7, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

REVERE FIREFIGHTERS CREDIT UNION

4 FREEMAN STREET
REVERE, MA. 02151

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire local community, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **REVERE FIREFIGHTERS CREDIT UNION** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated " Satisfactory "

A CRA rating of "Satisfactory" is assigned. An industrial credit union in this category has a satisfactory record of ascertaining and helping to meet the credit needs of its membership, including low and moderate-income members, in a manner consistent with its resources and capabilities.

Since Revere Firefighters Credit Union is an industrial credit union, no geographical criteria were evaluated. Instead the following three performance criteria were reviewed: 1) Average Loan to Deposit ratio, 2) Lending to Borrowers of Different Incomes and 3) Fair Lending.

The credit union's average net loan-to-share ratio for the previous four semi-annual periods is 25.1 percent and meets the standards for satisfactory performance at this time.

An analysis of the credit union's lending activity by borrower income revealed that 36.7 percent of a sample of consumer loans was granted to moderate-income members. The credit union was determined to meet the standards for satisfactory performance in this criterion.

The credit union's fair lending performance is also considered to meet the standards of satisfactory performance.

PERFORMANCE CONTEXT

Description of Institution

Revere Firefighters Credit Union is an industrial credit union chartered by the Commonwealth of Massachusetts on April 8, 1957. The credit union was established to serve the credit needs of the employees of the Revere Fire Department. The credit union's sole office is located at 4 Freeman Street, Revere, Massachusetts. Office hours are Monday, Wednesday and Friday 9:00AM to 2:00PM. However, there are instances where the credit union manager will accommodate members by personal appointment. The credit union's hours are considered convenient and accessible to its members.

As of December 31, 2002, the institution's total assets were \$3.9 million, with total loans representing \$720,000 or 18.5 percent of total assets. The following table depicts the credit union's loan portfolio composition based on the December 31, 2002 NCUA Call Report of Condition.

LOAN PORTFOLIO COMPOSITION		
Loan Type	Dollar Amount \$(000)	%
Personal Loans	328	45.5
New and Used Vehicle	318	44.2
Home Improvement	74	10.3
Total	720	100%

Personal loans comprise 45.5 percent of the entire loan portfolio, while new and used vehicle loans represent 44.2 percent. Home improvement loans make up the remainder of the portfolio representing 10.3 percent of the dollar volume of loans outstanding.

Members are provided with direct deposit for payroll and automatic payroll deductions for loan payments.

Competition within the credit union's assessment area includes a variety of community based and industrial credit unions, small loan companies, and community banks. Given its asset size and financial capacity, Revere Firefighters Credit Union has been successful in helping to meet the credit needs of its assessment area/ membership.

The Division of Banks last conducted a CRA examination on April 5, 1999, which resulted in the Revere Firefighters Credit Union receiving a "Satisfactory" CRA rating.

Description of Assessment Area

The Community Reinvestment Act (CRA) requires that each financial institution delineate one or more assessment area(s) within which the institution's record of helping to meet community credit needs is evaluated. Under the Massachusetts CRA Regulation 209 CMR 46.41(8) a credit union whose membership by-law provisions are not based on residence may delineate its membership as its assessment area. Revere Firefighters Credit Union, as an industrial credit union, has membership by-law provisions based primarily on employment/occupation. Consequently for the purpose of this evaluation, the credit union's membership by-laws delineate the institution's assessment area(s).

The credit union membership is limited to those who are permanent and retired members of the Fire Department of the City of Revere, except that persons not so eligible to membership may have joint accounts with members of the Credit Union for the purpose of deposit and withdrawal only. Revere Firefighters Credit Union has 201 current members.

PERFORMANCE CRITERIA

1. LOAN TO SHARE ANALYSIS

The first criterion evaluated is the credit union's net loan to total deposit (share) ratio. The average net loan to total deposit ratio was determined to be 25.1 percent and is considered to meet the standard for satisfactory performance.

A comparative analysis of Revere Firefighters Credit Union's net loan-to-shares for the period June 30, 2001 through December 31, 2002 was conducted during this examination. The analysis incorporated net loans to total deposit figures from the institution's NCUA Call Report. It is noted that the credit union began filing the NCUA Call Reports of Condition on a quarterly basis as of September 2002. However, for the purpose of this examination, analysis is based on semi-annual reporting.

Loan To Share Analysis			
Period	Net Loans	Shares	Ratio
June 2001	715,390	2,651,037	27.0%
December 2001	746,981	2,848,670	26.2%
June 2002	746,220	3,038,216	24.6%
December 2002	701,335	3,100,678	22.6%

As indicated by the above table, the credit union's loan portfolio has steadily decreased during the current examination period due to a decrease in loan applications and early loan pay-offs. Currently, lower interest rates have resulted in mortgage refinancing where members have paid off their existing debt with the credit union. Also, members are refinancing their current personal loan debt in order to receive additional funds.

The following table provides net loan to share ratios of other firefighters' credit unions in close proximity to the City of Revere. The ratios shown are calculated from NCUA Call report figures as of December 31, 2002.

Comparative Loan to Deposit Ratios	
Revere Firefighters Credit Union	22.6%
Lynn Firefighters CU	61.9%
Cambridge Firefighters CU	50.3%
Boston Firefighters CU	50.2%

The credit union's loan-to-share ratio is relatively low in comparison to comparable institutions. However, it is acknowledged that Revere Firefighters Credit Union's asset size and membership was substantially lower than the other credit unions. Therefore, the Revere Firefighters Credit Union would not be expected to perform at the same level in this area.

Based on the above information and Revere Firefighters Credit Union's capacity to lend, its asset size, the types of loans available, its limited resources and lending strategy, the credit union's loan to deposit ratio meets the standards for satisfactory performance.

2. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The second performance criterion evaluates the extent to which an institution lends to borrowers of different income levels, particularly members of low and moderate income. Consumer lending activities were analyzed to determine the institution's performance. The credit union's performance under this criterion was found to meet standards for a satisfactory performance.

The distribution of consumer loan originations was reviewed and compared to the median Family Household Income (FHI) for the Metropolitan Statistical Area (MSA) in which the property is located (or the members resides) to determine borrower income levels. By definition, borrowers qualify as either low moderate, middle or upper income. Low income is defined as income below 50 percent of median income, moderate-income as income between 50 percent and 79 percent of median income, middle-income as income between 80 and 119 percent of median income and upper-income as income at 120 percent or more of median income.

The majority of members reside within the Cities of Revere and Saugus which are both located within the Boston, MA Metropolitan Statistical Area (MSA). The Boston, MA MSA Median Family Household Income (FHI) for 2001 was \$70,000 and for 2002 was \$74,200.

Consumer Lending

Consumer loans granted in 2001 and 2002 were sampled and reviewed for borrower income levels. Revere Firefighters Credit Union granted 100 consumer loans totaling \$709,000 in 2001 and 111 consumer loans totaling \$722,000 in 2002. A sample of 30 loans totaling \$331,000 was taken to represent consumer lending for the current examination period.

The following table provides a breakdown of a sample of 30 consumer loans originated among the credit union's membership by applicant income level. This analysis indicated that 36.7 percent of the loans was granted to moderate-income borrowers and the majority representing 60.0 percent was granted to middle-income borrowers. One loan or 3.3 percent was granted to a member of upper-income.

Consumer Loan Originations by Income of Borrower by Number

% of Median MSA Income	2001		2002		TOTAL	
	#	%	#	%	#	%
<50%	0	0.0	0	0.0	0	0.0
50% - 79%	4	26.6	7	46.7	11	36.7
80% - 119%	10	66.7	8	53.3	18	60.0
120% >	1	6.7	0	0.0	1	3.3
Total	15	100%	15	100%	30	100%

Source: in-house files

The information included in the table below indicates that, by dollar amount, the majority or 58.6 percent of the consumer loans were to moderate-income members and 38.4 percent were to middle-income members and 3.0 percent was to an upper income member.

Consumer Loan Originations by Income of Borrower by Dollar Amount

% of Median MSA Income	2001		2002		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%
<50%	0	0.0	0	0.0	0	0.0
50% - 79%	55	37.7	39	45.9	194	58.6
80% - 119%	81	55.5	46	54.1	127	38.4
120% >	10	6.8	0	0.0	10	3.0
Total	146	100%	85	100%	331	100%

Source: in-house files

The credit union's lending distribution is concentrated within moderate and middle-income borrowers, with few loans made to upper-income borrowers and no loans made to low-income borrowers. It should be noted that the majority of the consumer loans were granted to single applicants. Therefore, the percentage of originations occurring in moderate-income levels would be somewhat higher than normal since the applicant income is compared to median family income.

In conclusion, the distribution of this consumer loan sample by borrower income level demonstrates that a reasonable number of these loans are granted to moderate and middle-income members. This distribution is satisfactory, given the income levels of the majority of the membership. Therefore, this criterion meets the standards for satisfactory performance.

3. REVIEW OF COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

A review of the public comment file revealed that the bank received no complaints pertaining to the institution's CRA performance since the previous examination.

The credit union's small size, restricted resources and financial situation limit its ability to meet the requirements of the Division's fair lending policy. The credit union's staff training is adequate. The institution has developed a second review process in which all loans considered for denial are referred to the Credit Committee prior to issuing a notice of denial.

The credit union's marketing activity includes placing information on its credit products and services on bulletin boards located in the various local firehouses and department offices throughout the City of Revere. The credit union also includes statement stuffers in correspondence sent out to the membership and there are brochures located in the credit union's lobby. Also, during the orientation process for new employees, the human resources department provides a "New Member Packet" which includes all information related to the products and services available through the credit union. The credit union also considers those members who are no longer current employees of the Revere Fire Department by sending them information included on bulletin boards that are not included in the regular statement mailings to the general membership.

Based on the foregoing information, the credit union meets the standards for satisfactory performance in this category.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

REVERE FIREFIGHTERS CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **APRIL 7, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.